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Consumer Confidence Survey

- *Business*
- *Employment*
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October 1988

CONSUMERS LESS OPTIMISTIC

The nation's consumers were a good deal less sanguine in September than in August. The Conference Board's Confidence Index (1985 = 100) dropped to 109, a loss of almost 11 points—the largest monthly decline since last October's financial crisis. In the latest survey, respondents were less positive, both in their assessment of prevailing conditions and in their expectations for the immediate future. Buying plans were off moderately.

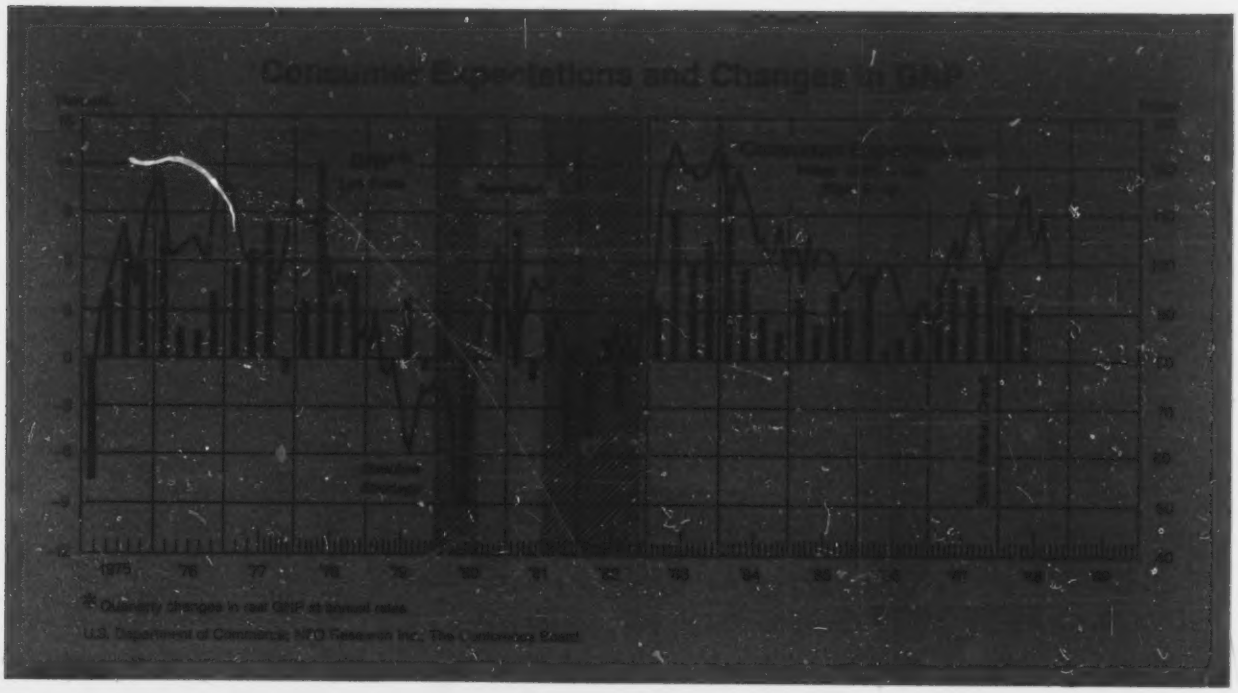
In viewing the current scene, only 28% of all consumers consider business conditions to be "good," down from 32% a month earlier. Similarly, the number reporting jobs to be "plentiful" fell to 29% from slightly over 32 percent.

In looking ahead to the next six months, consumers are also less optimistic than last time. Now, only slightly more than 18% believe that business conditions will improve, a loss of three points. People are also somewhat less secure about employment prospects. Less than 17% now believe more jobs will become available, a drop of more than two points. Similarly, on the issue of their personal income, fewer consumers than last time believe that their earnings will increase in the coming months.

Buying plans are somewhat weaker. Of all survey respondents, 7.4% intend to purchase a car in the next six months, about the same as last time. However, home buying plans dropped to a feeble 3% from a strong 4.2 percent. Interest in major appliances was also off in September. Plans to buy dropped to 29%, from a prior 34 percent.

It is still too soon to tell what may have shaken consumer confidence in September. While a single month's reading is inconclusive, the decline is too large to be dismissed as a technical aberration. Lower readings were picked up in almost all major regions of the country. The economic statistics for August suggested some slight easing in business activity—unemployment edged up, personal income rose only half as fast as prices. There may have been some further softening in September. At this moment, it is uncertain whether the recent slowing in economic growth and the decline in confidence represent a brief pause or are indications of a larger downturn. However, the present confidence reading is still substantially above the level which generally signals recession.

Fabian Linden



A Monthly Report from the ***Consumer Research Center***, The Conference Board

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households =100%

					Business				Employment			Income
	1987				1988							
All series seasonally adjusted.	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.(r)*	*Sep.(p)*
Composite Series: Index Numbers, 1985=100													
Consumer Confidence Index	115.7	115.1	100.8	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	109.0
Present Situation	120.5	124.4	115.6	119.8	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	123.6
Expectations	112.5	108.9	90.9	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	99.3
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.9	30.9	26.4	24.8	26.4	29.6	29.1	28.3	31.6	27.4	28.4	32.2	27.9
Bad	19.4	19.4	20.3	18.5	18.3	18.9	18.8	20.9	18.4	19.7	19.1	17.2	19.7
Normal	50.7	49.7	53.3	56.7	55.3	51.5	52.1	50.8	50.0	52.9	52.5	50.6	52.4
Employment													
Jobs plentiful	27.8	28.5	26.8	27.0	29.5	31.4	28.9	27.8	30.8	31.1	31.3	32.3	29.1
Jobs not so plentiful	46.1	47.4	47.0	49.4	44.8	45.9	47.0	48.1	45.4	46.1	46.2	46.0	47.3
Jobs hard to get	26.1	24.1	26.2	23.6	25.7	22.9	24.1	24.1	23.8	22.8	22.5	21.7	23.6
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	24.2	23.7	18.3	19.9	18.7	19.7	20.2	20.9	22.0	20.4	19.7	21.4	18.4
Worse	7.2	8.1	12.4	9.2	8.0	7.9	7.6	6.4	5.3	6.7	9.6	7.3	9.8
Same	68.6	68.2	69.3	70.9	73.3	72.4	72.2	72.7	72.7	72.9	70.7	71.3	71.8
Employment													
More jobs	20.9	19.3	15.5	16.8	16.2	16.7	15.8	18.2	19.0	18.3	17.7	19.0	16.8
Fewer jobs	14.2	13.8	19.1	16.6	15.6	14.4	14.0	11.9	12.6	13.8	15.0	13.6	15.5
Same	64.9	66.9	65.4	66.6	68.2	68.9	70.2	69.9	68.4	67.9	67.3	67.4	67.7
Income													
Increase	29.5	28.7	28.0	28.3	26.2	30.6	28.5	29.4	29.0	26.3	28.0	27.4	23.4
Decrease	5.8	7.3	9.1	8.4	6.3	6.5	6.7	6.0	6.0	6.4	6.2	6.3	6.9
Same	64.7	64.0	62.9	63.3	67.5	62.9	64.8	64.6	65.0	67.3	65.8	66.3	69.7
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.8	8.5	8.2	8.2	7.5	9.6	9.4	9.1	9.4	8.9	8.9	7.5	7.4
New	3.8	4.2	4.3	4.5	3.7	4.7	5.3	5.5	4.9	5.0	4.6	4.2	4.0
Used	3.5	3.0	2.8	3.0	3.0	3.5	3.3	3.1	3.3	3.4	3.4	2.8	2.5
Uncertain	1.5	1.3	1.2	0.7	0.8	1.4	0.8	0.5	1.2	0.5	0.9	0.5	0.9
Home													
Yes	3.9	3.9	3.7	3.5	3.8	5.0	4.7	3.5	3.3	4.0	3.5	4.2	3.0
New	1.2	1.1	1.0	0.8	1.3	1.6	1.7	1.1	1.1	0.9	1.1	1.3	1.1
Lived in	1.8	1.7	2.0	1.7	1.7	2.1	2.1	1.7	1.3	2.1	1.5	2.0	1.3
Uncertain	0.9	1.1	0.7	1.0	0.8	1.3	0.9	0.7	0.9	1.0	0.9	0.9	0.6
Major appliances													
Total plans	32.5	32.0	31.1	28.2	29.4	36.0	34.0	35.0	35.8	30.3	30.1	34.3	28.9
Refrigerator	5.1	4.7	4.3	4.1	5.0	5.8	5.4	5.3	5.9	4.7	4.5	5.0	4.3
Washing machine	5.4	4.8	4.4	3.3	4.1	5.4	4.4	5.3	5.1	3.9	4.7	4.5	3.6
TV Set	7.5	7.5	7.9	7.5	6.7	8.2	8.5	7.9	8.6	7.5	6.1	8.0	7.1
Vacuum Cleaner	5.6	5.3	5.6	5.5	4.6	5.9	5.9	5.6	6.0	4.9	5.2	6.1	5.6
Range	2.9	3.6	3.2	2.8	3.1	3.5	3.2	3.9	3.1	3.1	3.2	2.7	2.7
Clothes dryer	3.7	4.0	3.7	3.1	3.7	4.2	4.2	4.4	4.9	3.8	3.8	4.3	3.2
Air conditioner	2.3	2.1	2.0	1.9	2.2	3.0	2.4	2.6	2.2	2.4	2.6	3.7	2.4
Carpet	8.3	6.7	6.8	7.7	8.3	8.3	9.5	6.2	8.7	7.6	7.1	7.7	8.1
Vacation Intended Within Six Months: Percent*													
Vacation Intended		54.3		50.9		51.2		49.7		48.5		51.6	
Destination †													
U.S.		48.6		44.5		44.3		42.8		41.7		43.5	
Foreign country		7.8		8.2		8.9		9.3		9.3		10.1	
Means of travel													
Automobile		32.9		30.9		29.8		29.8		27.9		29.6	
Airplane		20.4		18.9		19.9		19.1		20.8		21.0	
Other		4.6		3.8		5.0		4.4		4.5		4.0	

(p)—preliminary (r)—revised

† The U.S. and Foreign country series for December, 1987 and thereafter are not strictly comparable to earlier months.

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Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	*1987* Sep.	Oct.	Nov.	Dec.	*1988* Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.(r)	Sep.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.3	4.4	4.5	4.5	4.3	4.3	4.3	4.4	4.4	4.4	5.0	4.9	4.8
Interest Rates													
Higher	73.9	75.0	55.2	58.5	58.9	49.9	58.9	58.0	66.5	71.5	74.9	74.9	74.9
Same	18.4	17.2	22.8	24.1	24.9	25.7	27.6	27.6	23.6	20.0	22.1	16.2	17.1
Lower	7.7	7.8	22.0	17.4	16.2	24.4	13.5	14.4	9.9	8.5	10.6	8.9	8.0
Stock Prices													
Increase	41.4	39.9	34.1	31.1	36.0	36.6	46.9	38.7	39.3	39.8	40.3	39.2	38.6
Same	31.4	31.0	27.0	28.6	31.0	33.6	34.6	33.6	34.3	35.8	34.8	33.0	34.2
Decrease	27.2	29.1	38.9	38.3	33.0	29.8	18.4	27.7	26.4	24.4	24.9	27.8	27.2

CONSUMER CONFIDENCE BY REGION

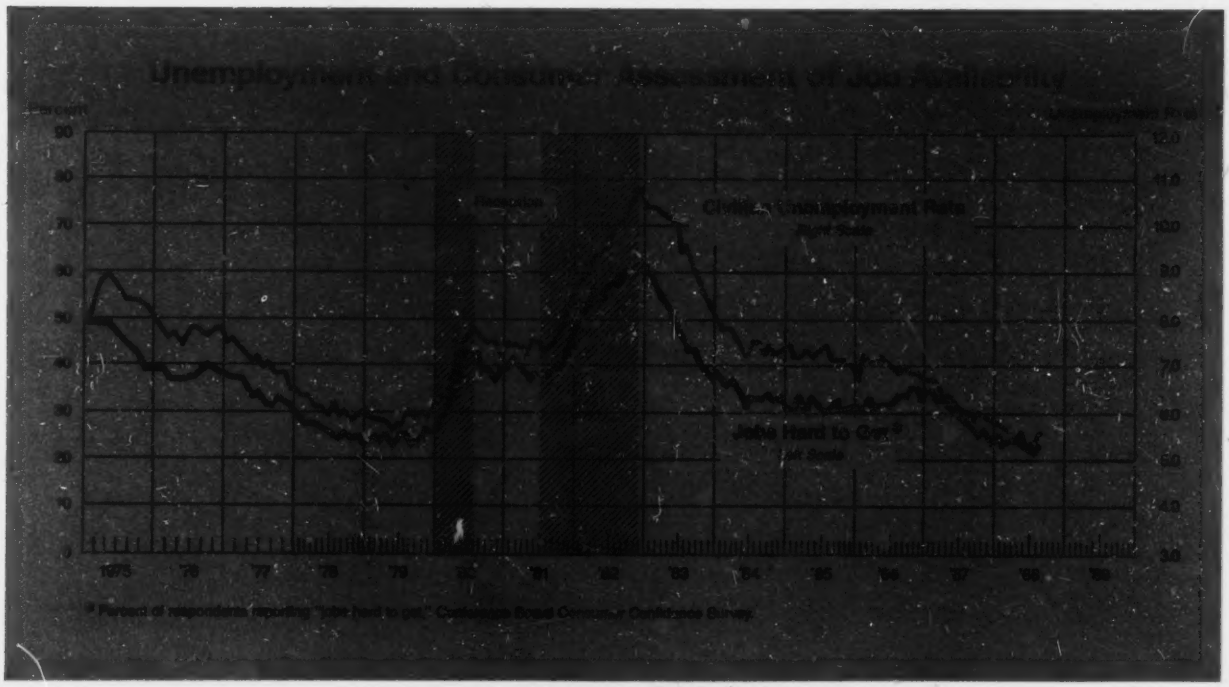
Seasonally unadjusted Index numbers: 1985 = 100	*1987* Sep.	Oct.	Nov.	Dec.	*1988* Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.(r)	Sep.(p)	*AVERAGE: July, Aug. Sep.* 1987	1988	*Percent Change**
NEW ENGLAND																
Consumer Confidence Index	158.5	160.0	141.7	148.2	153.6	155.0	152.4	159.2	153.9	149.8	153.9	150.0	136.3	155.9	146.4	- 6.1
Present Situation	209.4	208.7	200.7	204.7	199.2	202.4	200.0	203.7	203.0	207.0	199.5	205.4	203.2	207.8	202.7	- 2.4
Expectations	124.6	127.6	102.3	110.6	123.2	123.4	120.6	129.6	121.2	111.7	123.6	113.0	90.0	121.4	108.9	-10.3
MIDDLE ATLANTIC																
Consumer Confidence Index	117.9	124.0	101.5	108.8	114.5	114.8	122.0	123.6	125.5	121.8	120.8	125.6	118.4	112.8	121.6	7.8
Present Situation	139.9	152.2	127.5	137.3	142.4	136.2	143.9	142.9	142.9	152.6	145.8	157.2	147.9	130.6	150.3	15.0
Expectations	103.3	105.2	84.3	89.8	95.9	100.5	107.4	110.7	108.1	101.3	104.1	104.6	98.8	100.9	102.5	1.6
EAST NORTH CENTRAL																
Consumer Confidence Index	102.9	103.8	88.0	87.9	97.0	97.0	95.3	104.0	108.7	102.3	95.5	104.1	101.2	93.9	100.3	6.8
Present Situation	111.7	116.0	99.4	96.3	103.4	99.2	91.3	102.8	107.7	111.0	116.5	125.7	121.9	100.1	121.4	21.2
Expectations	97.0	95.6	80.4	82.3	92.8	95.6	97.9	104.7	109.4	96.6	81.5	89.8	87.5	89.8	86.2	- 3.9
WEST NORTH CENTRAL																
Consumer Confidence Index	92.2	89.6	73.7	71.5	89.6	98.2	87.6	99.1	88.4	91.4	76.0	70.7	81.7	79.4	76.1	- 4.1
Present Situation	91.5	94.8	77.2	74.9	77.8	84.8	69.4	82.9	93.8	97.6	91.3	74.6	84.2	68.7	83.4	21.4
Expectations	92.7	86.1	71.4	69.3	97.5	107.2	99.7	109.9	84.9	87.3	65.9	68.0	80.0	86.5	71.3	-17.6
SOUTH ATLANTIC																
Consumer Confidence Index	141.2	147.6	131.2	131.3	133.9	137.7	136.7	138.7	142.2	138.2	138.6	141.2	138.6	137.5	139.5	1.4
Present Situation	168.8	176.1	168.6	164.8	161.7	163.2	165.3	161.9	168.9	163.8	168.6	172.8	170.7	162.6	170.7	5.0
Expectations	122.9	128.6	106.2	109.1	115.4	120.7	117.6	123.3	124.5	121.2	118.6	120.2	117.3	120.8	118.7	- 1.8
EAST SOUTH CENTRAL																
Consumer Confidence Index	94.8	98.2	90.1	100.9	98.6	114.9	109.8	96.8	115.0	97.1	84.4	105.9	104.5	92.0	98.3	6.8
Present Situation	78.0	89.3	87.3	93.9	82.0	103.5	94.0	79.1	97.9	93.4	74.6	100.3	96.8	74.7	90.6	21.3
Expectations	106.0	104.2	92.0	105.5	109.8	122.5	120.4	108.7	126.5	99.6	91.0	109.7	109.6	103.6	103.4	- 0.1
WEST SOUTH CENTRAL																
Consumer Confidence Index	82.6	78.3	70.1	68.7	74.9	81.7	69.7	75.3	77.9	78.5	80.5	80.1	73.9	77.0	78.2	1.5
Present Situation	28.3	26.1	28.5	27.7	26.5	33.0	20.1	22.6	34.6	30.8	30.1	31.0	29.5	24.7	30.2	22.4
Expectations	118.8	113.1	97.8	96.0	107.2	114.3	102.8	110.4	106.8	110.3	114.1	112.9	103.5	112.0	110.2	- 1.6
MOUNTAIN																
Consumer Confidence Index	102.8	101.4	76.4	85.7	84.5	82.4	94.6	87.5	94.4	85.4	80.3	92.8	69.0	87.3	80.7	- 7.5
Present Situation	82.6	93.4	67.5	76.1	54.4	66.6	77.8	57.5	79.2	69.2	61.9	77.0	58.2	64.1	65.7	2.5
Expectations	116.3	106.8	82.4	92.1	104.5	93.0	105.8	107.6	104.6	96.2	92.7	103.4	76.3	102.7	90.8	-11.6
PACIFIC																
Consumer Confidence Index	125.1	125.3	125.5	121.2	125.2	135.2	125.2	121.1	125.5	127.0	126.7	134.0	122.2	121.2	127.6	5.2
Present Situation	149.0	151.4	152.1	148.2	140.0	157.3	150.7	135.2	149.1	153.9	161.5	161.7	159.9	142.8	161.0	12.8
Expectations	109.1	107.9	107.7	103.2	115.4	120.4	108.3	111.7	109.7	109.1	103.5	115.5	97.0	106.9	105.3	- 1.5

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	*1987*				*1988*									*3 mos. Percent, Change**
	Sep.	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.(r)*	*Sep.(p)*	
TOTAL U.S.														
Consumer Confidence Index	115.7	115.1	100.8	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	109.0	- 2.7
Present Situation	120.5	124.4	115.6	119.8	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	123.6	3.0
Expectations	112.5	108.9	90.9	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	99.3	- 7.0
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	120.7	122.3	110.2	121.5	116.5	124.4	118.6	120.4	123.1	121.5	121.2	128.5	119.0	1.0
35-54	120.0	113.9	103.5	105.9	111.1	113.6	117.1	119.5	121.8	118.7	116.4	119.5	109.8	- 4.0
55 and over	102.5	107.2	86.7	95.6	99.1	104.6	98.7	104.4	113.8	104.7	102.2	110.4	98.7	- 3.6
Present Situation														
Under 35	126.3	130.6	123.0	130.6	126.5	137.8	128.0	127.1	129.9	130.1	134.5	147.0	134.3	7.4
35-54	128.2	123.6	114.4	118.3	122.5	128.4	131.9	124.5	130.3	129.9	130.5	133.8	124.0	1.0
55 and over	106.7	120.0	111.0	113.8	116.1	122.7	113.8	110.7	127.2	120.0	122.0	129.1	117.0	2.9
Expectations														
Under 35	117.0	116.7	101.6	115.6	109.7	115.4	112.3	116.0	118.7	115.7	112.4	116.1	108.9	- 3.7
35-54	114.4	107.4	96.2	97.7	103.6	103.9	107.4	116.4	116.2	111.2	107.0	109.9	100.4	- 7.7
55 and over	99.7	98.5	70.4	83.3	88.1	93.0	88.9	100.3	104.9	94.3	88.9	97.8	86.3	- 8.8
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	88.0	87.1	74.6	83.9	85.1	89.0	83.7	89.8	94.1	88.4	82.1	88.1	86.5	- 5.7
$15,000-24,999	106.2	113.8	97.8	103.4	106.0	116.7	107.6	109.8	112.8	102.7	104.8	115.3	100.5	- 1.4
$25,000 and over	131.8	128.6	114.7	120.6	122.7	126.8	127.5	129.7	135.4	132.0	130.9	135.3	122.1	- 2.2
Present Situation														
Under $15,000	77.4	82.5	74.9	77.6	74.7	80.1	74.8	78.8	88.5	83.2	83.3	84.0	87.3	1.6
$15,000-24,999	109.7	119.0	104.2	107.7	111.6	124.2	110.7	103.9	116.7	109.0	114.7	121.6	114.1	6.3
$25,000 and over	145.5	146.3	140.2	145.5	148.5	156.2	152.6	145.5	153.5	152.1	154.2	162.7	144.8	2.4
Expectations														
Under $15,000	95.5	90.5	74.4	88.6	91.3	93.7	88.7	97.0	97.9	92.1	81.5	91.0	86.4	- 9.8
$15,000-24,999	103.9	110.4	93.5	100.6	102.1	111.3	105.2	113.7	110.3	98.6	98.3	111.2	91.5	- 6.7
$25,000 and over	122.4	116.5	97.6	103.6	106.1	108.2	111.4	119.4	123.4	118.5	115.3	116.8	106.7	- 6.2

***Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**



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